

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 406 (Chairman, Finance Committee)
(Departmental - Lottery)

Finance

State Lottery - Prizes - Sovereign Immunity Defense Exception for Multistate Lottery Actions

This departmental bill provides that the State may raise the defense of sovereign immunity to a lawsuit brought by an individual for any claim greater than \$200,000 stemming from a multistate lottery game.

This bill is effective July 1, 1997.

Fiscal Summary

State Effect: Potential significant cost avoidance as described below. Revenues would not be affected.

Local Effect: None.

Small Business Effect: None. The Maryland State Lottery Agency has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment.

Fiscal Analysis

State Expenditures: Currently, the State may not raise a claim of sovereign immunity as a defense to a claim for a lottery prize. With the Big Game and any future multistate lottery game, however, Maryland could be held liable for errors of other states. If, for example, another state erroneously reports that there were no jackpot winners for a given drawing which then rolls over for several weeks and is won, the initial winner would sue for payment. Maryland could then be liable for its share of the unpaid prize, and possibly even more. Currently, Virginia's liability limit is \$2 million, while Illinois' and Michigan's are \$200,000.

Thus, should a claimant prevail in court and the judgement is substantial, it is possible that Maryland could be required to pay more than its proportionate share. By allowing a claim of sovereign immunity, these uncertain but potentially large expenditures would be limited to \$200,000.

Information Source(s): Maryland State Lottery Agency, Department of Fiscal Services

Fiscal Note History: First Reader - February 17, 1997

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